

#### COMPACT GOAL

The proposed project aims to expand access to, and improve the reliability of, water supply and sanitation, and improve drainage services in select urban and peri-urban areas of the city of Lusaka in order to decrease the incidence of water-borne and water-related diseases, generate time savings for households and businesses and reduce non-revenue water in the water supply network.

#### COMPACT AT A GLANCE

CN on Intent to Negotiate.....	01-27-2011
Constraints Analysis.....	11-23-2009
Concept Paper Received.....	02-26-2010



CN on Intent to Negotiate	
01-27-2011	The Congressional Notification was submitted on January 12, 2012.
Concept Paper Received	
02-26-2010	The Government of the Republic of Zambia (GRZ) developed and submitted six concept papers for MCC consideration. Three proposed projects were eliminated from the outset based on implementation and ESA risks. Ultimately, one project was selected to be included in the Zambia Compact - the Lusaka Water Supply, Sanitation and Drainage project.
Constraints Analysis	
11-23-2009	The GRZ initiated a constraints analysis that identified four main binding constraints to economic growth -infrastructure, externalities, micro and macro business climate, and skilled labor. To elicit feedback on these constraints, in December 2009, the GRZ initiated a targeted consultative process that included over 500 individuals representing government, private sector, civil society, and donors.

Based on extensive due diligence, MCC has decided not to include the Greater Kafue Economic Development project in the proposed Zambia Compact. While MCC's review did affirm the potential for tourism growth in Zambia resulting from investments in Kafue National Park, a combination of factors including policy and institutional constraints as well as the projected economic rate of return and technical feasibility, led to a decision not to move this project forward.

Lusaka Water Supply, Sanitation and Drainage Project - A master planning exercise that identified priority projects in water supply, sanitation, and drainage is complete and feasibility studies and environmental and social impact assessment have been substantially completed.